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COMPANY d/b/a AmerenCIPS and  
ILLINOIS POWER COMPANY d/b/a  
AmerenIP

Approval of Energy Efficiency and  
Demand Response Plan.

Docket No. 07 – 0539

Natural Resources Defense Counsel's  
Brief Regarding Approval of Ameren's Energy Efficiency and Demand  
Response Plan

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**Natural Resources Defense Counsel's  
Brief Regarding Approval of Ameren's Energy Efficiency and Demand Response Plan**

**I. INTRODUCTION**

The Natural Resources Defense Counsel (NRDC) submits this Brief on the Ameren Illinois Utilities' (Ameren) Energy Efficiency and Demand Response Plan ("Plan") in accordance with the schedule established by the Administrative Law Judge ("ALJ") on November 20, 2007. NRDC is a non-profit membership organization with 1.2 million members and on-line activists nationwide, including 20,000 in Illinois. NRDC is a leader nationally and internationally in establishing and maintaining energy efficiency and other demand-side resources as viable and cost-effective alternatives to conventional supply-side generation resources such as coal and nuclear plants.

Ameren filed its Plan pursuant to recently enacted Public Act 95-0481 ("P.A. 95-0481") which created a new Section 12-103. Section 12-103(f) requires that each electric utility file an Energy Efficiency and Demand-Response Plan with the Illinois Commerce Commission ("Commission") to meet the energy efficiency and demand response goals set forth in the legislation for the period June 1, 2008 through May 31, 2011. Ameren seeks Commission approval of its plan, including energy and demand targets, spending screen, rate recovery mechanism and evaluation, measurement and verification ("EM&V Plan"). (Ameren Ex. 2.0)<sup>1</sup>

NRDC commends Ameren for its thorough and detailed Plan that it produced and filed in a short time period. NRDC is encouraged by the high-level support energy efficiency and demand-response have received at Ameren, as evidenced by Ameren's Vice President Mr. Ogden's comments that: "The Ameren Illinois Utilities welcome this opportunity to implement energy efficiency and demand response initiatives, which have the potential to provide benefits to commodity providers, reliability organizations, transmission companies, distribution companies and all retail electric customers." (Ameren Ex. 1.0, p. 2.) Furthermore, Ameren recognizes the many benefits of demand-side programs, including "net benefits from the Ameren Utilities' proposal in the form of lower electricity prices, increased efficiency, environmental benefits, and overall reduction in dependence on fossil fuels." (*Id.* at p. 5.) Furthermore, NRDC applauds Ameren for going above and beyond statutory goals for the demand-side, and committing to several other important objectives, including: providing coverage of hard-to-reach sectors, rather than just "cherry-picking" customers and measures that are easy-to-get, and employing best practice portfolio and program design. (Ameren Ex. 2.0, p. 8.)

NRDC recommends that the Commission rule that Ameren has demonstrated that its Plan meets statutory energy efficiency and demand-response goals. NRDC further recommends that the Commission adopt many, but not all, of the Plan

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<sup>1</sup> In drafting these comments, NRDC assumes that Mr. Voytas' rebuttal testimony is excluded by the January 10, 2008 ALJ Ruling, but that Mr. Voytas' direct testimony in Ameren Exhibit 2.0 is admitted into evidence.

features, as described further below. NRDC also requests that the Commission formally adopt, as a key element of the Plan, a Stakeholder Group.

In addition to a Commission ruling approving Ameren's Plan, NRDC makes three requests:

(1) **Statewide Consistency:** that the Commission rule that statewide consistency to reduce costs, reduce administrative burdens or improve program performance is Commission policy and consistent with the authorizing statute.

(2) **Leverage Existing Programs:** that the Commission require Ameren to identify pre-existing programs and assess whether leveraging the pre-existing programs could enhance overall portfolio cost-effectiveness, and

(3) **Staff-led Workshops:** that the Commission require its Staff to hold one or more workshops to identify additional issues that should be addressed in future proceedings to strengthen the regulatory framework for successful, cost-effective demand-side programs and better achieve Ameren and the State of Illinois' demand-side portfolio goals.

## II. SUMMARY OF POSITIONS

The Commission should rule that Ameren has demonstrated that its Plan meets statutory energy efficiency and demand response goals, but should modify the following two features of Ameren's Plan:

- **"Deeming" Values:** The Commission should not approve Ameren's proposal for "deeming" measure savings for certain prescriptive measures and program net-to-gross ratios for evaluation purposes at this time. It may be appropriate for the Commission to "deem" values for evaluation at a later point in time after Staff and interested Stakeholders have had more time to review and update the proposed values; and
- **Flexibility to Modify Plan:** Ameren should have flexibility to modify programs and the portfolio, but the Commission should adopt specific rules governing fund shifting and adding or deleting programs.

**Stakeholder Group:** The Commission should explicitly approve a Stakeholder Group as a condition of approving Ameren's Plan with the following features:

- Stakeholder Group purpose is to: 1. Provide advice on program design and implementation, and 2. Provide oversight to the EM&V process;
- The Stakeholder Group should have the following features: 1. Statewide-Combined Stakeholder Group, with utility-specific issues handled in small groups, 2. Meeting Format that requires advance notice of issues and materials to be discussed, 3. a Comment Tracking and Response System and 4. a Technical Subcommittee to address technical issues.

NRDC has three additional requests: 1. a Commission ruling on statewide consistency for energy efficiency and demand-response, 2. a Commission ruling that Ameren should identify pre-existing programs and work with parties who are implementing those programs to see if coordinating or leveraging those programs can increase portfolio cost-effectiveness, and 3. a Commission ruling on a Staff-led workshop,

**Statewide Consistency:** The Commission should rule that statewide consistency to reduce costs, reduce administrative burdens or improve program performance is Commission policy and consistent with the authorizing statute;

**Leveraging Existing Programs:** The Commission should require Ameren to identify pre-existing programs, then work with the program implementers to see whether and how leveraging or coordinating with the pre-existing programs can enhance overall portfolio cost-effectiveness; and

**Staff-led Workshop:** The Commission should require its Staff to hold one or more workshops to identify additional issues that should be addressed in a future proceeding to develop a robust regulatory framework for oversight of demand-side programs, including:

- Appropriate updated measure savings values for key measures
- Illinois-definition of net-to-gross ratios and appropriate values for IL programs
- Whether and what values should be “deemed” for evaluation purposes
- Financial and accounting rules for EE funds
- Statewide Program Data Tracking and Reporting
- Statewide, Public Cost-Effectiveness Calculator and Inputs
- Common cost definitions and accounting

### III. ARGUMENT

#### A. Deeming Measure Savings and Program Net-to-Gross Ratios For Evaluation Is Premature at this Time

Ameren requests that the Commission “deem” savings values for certain lighting measures, as set forth in Table 7 and program net-to-gross ratios set forth in Table 9. (Ameren Ex. 4.0, pp. 37- 43.) Ameren seeks to have certain values “deemed” for implementation as well as evaluation. (Ameren Ex. 4.0, p. 35.) “Deeming” values for evaluation means that if an EM&V study, conducted after a program is implemented, showed that a measure savings or net-to-gross ratio was different than what was forecast, the new measure value would not be used to change the forecast.

Ameren witness Mr. **Jensen** defines the term “deemed values” as used in the context of energy efficiency: “to “deem” a value means that parties have agreed or a commission has found, that there is sufficient information regarding the value of a variable that the value can be accepted as the basis for both planning purposes and evaluation.” (Ameren Ex. 4.0, p. 34.) Staff witness Mr. **Zuraski** clarified Ameren’s request and explains that Ameren’s request to “deem” certain measure savings values and the program net-to-gross values raises two issues:

- The partial reliance on values derived NOT from the evaluation of the Company’s programs . . .but from external databases and studies performed in other places and at other times;
- The pre-approval of those values . . .in this docket, as opposed to later in future proceedings . . .

(ICC Staff Ex. 1.0, pp. 37 - 38.)

1. The Commission Should Not Approve Deemed Values Now Given that ICC Staff Represented They Needed More Time To Review the Proposed Values

Staff witness Mr. **Zuraski** attempted to review and validate Ameren's energy savings projections. He concluded that in a future proceeding: "there may be even more . . . data and studies available. In addition, there will have been significantly more time for Staff and intervenors . . . to have reviewed this wealth of data and studies and to have determined if some of it is *less* than useful or *less* than sound. Staff may even hire additional personnel or consultants, specializing in energy efficiency program evaluation, to cobble together Staff's version of the most reasonable and accurate energy efficiency databases." (ICC Staff Ex. 1.0, p. 38.) The Commission should not approve values if Staff has not had adequate time to review them.

2. Ameren Fails to Demonstrate That Its Proposal To Deem Values Is Consistent With Its Own Witnesses Definition of Deeming

Ameren has failed demonstrate that it has satisfied either of the two conditions that its own witness, Mr. **Jensen**, identifies for deeming values, agreement of the parties or a Commission finding that there is sufficient information about the value of the variable that it can be accepted. (Ameren Ex. 4.0, p. 34.) First, Ameren does not demonstrate that parties have "agreed" to the proposed values. In fact, the only parties who commented on the issue, AG witness Mr. **Mosenthal** and ICC Staff Witness Mr. **Zuraski**, do not support Ameren's deeming proposal. (ICC Staff Ex. 1.0, p. 37.) Mr. **Mosenthal** supports deeming the gross savings for prescriptive lighting, but "strongly disagrees" that net-to-gross ratios should be deemed. (AG witness, Ex. 1.0, pp. 28) Mr. **Mosenthal** states that net-to-gross ratios are very dependent on program design and implementation, can significantly change over time and by area, and that the California values Ameren proposes using are not particularly applicable to Illinois. (AG Witness, Ex. 1.0, pp. 30.) Second, as described in the section above, the Commission cannot reasonably conclude that there has been "sufficient information about the value of the variable" given that Staff witness stated that he did not have sufficient time to validate the proposed data and studies.

3. Ameren's Proposed Deemed Values, Based on California's DEER Values, Do Not Reflect the Most Current Information

Before adopting Ameren's proposed NTG values from California for lighting measures, the Commission should consider a recent California Assigned Commissioner Ruling that questions the validity of the proposed 0.8 NTG values for lighting. (Assigned

Commissioner's Ruling Addressing Net-to-Gross Ratio True-Up and Methodology for Lighting Programs in the 2006 – 2008 Energy Efficiency Portfolios, Rulemaking 06-04-010, mimeo p. 4, dated October 5, 2007) ("Lighting Assigned Commissioner Ruling" or "Lighting ACR"). The Lighting Assigned Commissioner Ruling notes that the California utilities used 0.8 as the default value for lighting measures, but that the NTG ratios from a recent study by the evaluation firm Itron are "significantly lower" than the utility planning assumptions (*Id.*) The Lighting ACR reports that the Itron study concludes that "the NTG ratio across lighting measures is close to 0.62. This NTG ratio is a weighted average of market change and technology NTG estimates that varied from 0.25 for general merchandise big box retailers to 0.97 for discount stores, and from 0.36 for compact fluorescent fixtures to 0.72 for specialty CFLs." (*Id.*) Ameren proposes to "deem" lighting NTG ratios of 0.8. It is important to make sure that the proposed numbers reflect the most current information.

Also, before adopting any values for deeming beyond this proceeding, the Commission should ensure that the most current DEER values are being used. The California Public Utilities Commission reports that DEER updates are expected to be completed in early 2008 (for 2008 updates) and early 2009 (for 2009) updates under the direction of the Commission's Energy Division. (See Proposed Decision of Commission Grueneich and ALJ Gottstein, Rulemaking 06-04-010, Mailed 12/21/2007.)

4. Ameren's Proposed Deemed Values, Based On California's DEER Values, Do Not Reflect Recent Federal Legislation

On December 7, 2007, President Bush signed H.R. 6, The Energy Independence and Security Act of 2007, which requires that common light bulbs will be required to use 25 – 30% less energy than today's most common incandescent bulbs by 2012 - 2014. Before the Commission adopts measure savings values for lighting, it should assess how this sweeping federal legislation will affect net-to-gross ratios for lighting measures. One possible impact will be to significantly increase free-ridership, thereby reducing program net-to-gross ratios, as consumers and market actors become aware of and adjust behavior to adapt to the new federal legislation that will make obsolete current light bulbs.

5. Other Jurisdictions Do Revise Values Retrospectively Based On Evaluation Results

Ameren recommends that "the Commission should deem the proposed measure savings and net-to-gross values for the initial, pre-evaluation period of the Companies' three-year energy efficiency and demand response plan ... if the deemed values

change, they should be applied on a going-forward basis only.” (Ameren Ex. 4.0, pp. 36 – 37.)

California, where Ameren selected its proposed values for deeming, does in fact retrospectively “true up” both measure savings values and net-to-gross ratios based on evaluation study results. A California Assigned Commissioner Ruling stated that:

Through its decisions and rulings the Commission has historically provided a consistent direction and approach with respect to the treatment of NTG ratios in the evaluation of energy efficiency programs. Namely, in evaluating net benefits (resource savings minus costs) produced by energy efficiency portfolios, NTG ratios would be fully “trued-up” based on ex post study results in the calculation of . . . portfolio net benefits” (Assigned Commissioner’s Ruling Addressing Net-to-Gross Ratio True-Up And Methodology for Lighting Programs In the 2006 – 2008 Energy Efficiency Portfolios, mimeo p. 2, dated October 5, 2007.)

The ACR directs the California utilities to “manage their portfolios to minimize this risk” of retrospective true-ups of measure savings and NTG ratios (*Id.*) Given that Ameren looks to California as a model, it should perhaps do the same.

Ameren relied heavily on California values and information to develop its portfolio. Given that California *does* true-up measure savings and NTG values for evaluation retrospectively, Illinois needs to give careful consideration as to whether it should true-up measure savings and NTG ratios retrospectively as well. The Commission does not need to decide whether to deem values for evaluation at this time; it can and should approve Ameren’s plan without ruling on whether Ameren’s proposed values should be “deemed” for evaluation. NRDC recommends further discussion and evaluation before the Commission deems any measures for evaluation.

6. The Commission Should Not Adopt the Deemed Measure Values and Net-To-Gross Ratios Beyond This Planning Docket Until Staff and Parties Have More Time to Review Values and Information

NRDC agrees with ICC Staff witness Mr. **Zaruska** that “getting the numbers *right* is more important than getting them right away . . . making a judgment now, with a bare minimum of review, is not amenable to getting the numbers right.” (ICC Staff Ex. 1.0, p. 39.) NRDC further supports ICC Staff witness Mr. **Zaruska’s** to give Staff and interveners “significantly more time . . . to have reviewed this wealth of data and studies and to have determined if some of it is *less* than useful or *less* than sound.” (ICC Staff Ex. 1.0, p. 38.) Staff witness Mr. **Zaruska** makes the eminently reasonable



suggestion that Staff consider hiring additional personnel or consultants, specializing in energy efficiency program evaluation, to develop Staff's version of the most reasonable and accurate energy efficiency databases. (*Id.*) As part of its regulatory oversight role, NRDC agrees it is appropriate for Staff to independently assess measure savings and net-to-gross ratios, with input from independent consultants it hires and stakeholders, rather than relying on the regulated entity to develop values by which its performance is to be measured.

7. The Commission Should Not Modify the Definition for Net-to-Gross Ratios at this Time

Ameren witness Mr. Jensen recommends "deeming" California net-to-gross ratios (NTG), and also modifying the definition of NTG ratios to include both free rider and spillover effects. (Ameren Ex. 4.0, p. 41.) Spillover effects represent savings attributable to the program for which the program did not have to pay. (*Id.*) NRDC recommends that the Commission not modify the definition of NTG ratios to include spillover effects at this time because it is not clear that the evaluation budget in Illinois is sufficient to measure yet another program attribute. As ComEd's witness Mr. Jensen points out, "[t]his evaluation budget is very small by current standards in the industry, and is in fact one of the lowest allocations I have seen." (ComEd Ex. 4.0, p. 35.) NRDC recommends that the Commission not modify the definition of NTG ratios to include spillover effects until the Commission staff can assess whether measuring spillover effects is possible or advisable given the limited evaluation budget. The issue of how to define NTG ratios should be deferred to Staff-led workshops or another proceeding.

8. The Commission Should Develop Deemed Values for Measure Savings and Net-to-Gross Ratios Through Staff-led Workshops

NRDC recommends that the Commission order Staff to convene one or more workshops to review and provide input on "deeming" as well as other issues described further below.

**B. Granting Ameren Unlimited Flexibility To Modify its Portfolio and Programs Renders Commission Approval of the Plan Meaningless. Instead, the Commission Should Grant Ameren Flexibility Within Constraints**

Ameren requests broad flexibility to modify its Plan after Commission approval. Ameren witness Mr. Voytas requests Commission approval for flexibility to modify program design and discontinue or replace programs. (Ameren Ex. 2.0, p. 41.) NRDC supports flexibility to respond to market conditions within certain Commission-established guidelines. However, the Commission Plan approval is meaningless if the flexibility is unlimited. (NRDC Ex. 1.0, p. 8.)

NRDC recommends that the Commission adopt specific guidelines on what program and portfolio changes are appropriate without seeking Commission approval, and what changes require notice and comment to the Stakeholder Group, then approval by Commission staff to ensure that the resulting portfolio after the changes is consistent with the enabling statute and other Commission policy. The Commission flexibility guidelines should cover at least the following topics: shifting budgets between programs which results in program budget changes of greater than 20%, and adding or deleting programs.

**C. The Commission Should Approve the Stakeholder Group, Including Specific Elements Set Forth Below**

Ameren's Plan describes a Stakeholder Group to provide oversight to the EM&V process (Ameren Ex. 2.0, pp. 35- 36.) NRDC recommends that the Commission adopt a broader and more meaningful role for the Stakeholder Group than what Ameren proposes. NRC recommends a Commission-approved Stakeholder Group to review portfolio progress and to contribute to the continued development and strengthening of the portfolio." To ensure that the process promotes purposeful, effective and thoughtful Stakeholder Group input that maximizes the value of the energy efficiency and demand-side portfolio, NRDC identified several process elements that the Commission should adopt, including: 1. a statewide combined Stakeholder Group; 2 Meeting Format to include advance notice of issues and materials, and 3. Comment Tracking and Reporting System. (NRDC Ex. 1.0, pp. 5). NRDC also supports ELPC's recommendation for a Technical Subcommittee to address technical issues, as needed. Each of these process elements is described further below:

- Statewide Combined Stakeholder Group: the Stakeholder Group should include all three portfolio administrators, Ameren, Ameren and DCEO. A separate process for each administrator creates needless administrative expense. Utility-specific issues can be addressed through utility-specific subgroups;
- Meeting Format: A meeting agenda and all meeting materials shall be circulated to Stakeholders at least five (5) business days before the meeting to allow meaningful review and comment by stakeholders. Facilitators shall offer a polycom and web-based broadcast system to allow remote Stakeholder Group member participation to reduce costs of participating;
- Comment Tracking and Response System: After each meeting, the meeting facilitator shall summarize issues raised, proposed action items and stakeholder questions. The meeting facilitator should work with the utilities and DCEO to respond to all items and identify which items caused the administrators to modify its portfolio or programs. The purpose of the Comment Tracking and Response System is to demonstrate whether and

how Stakeholder Group input resulted in meaningful discussion, change and improved portfolio and program performance.

NRDC developed other suggestions for the Stakeholder Group process, described in Attachment A of NRDC's direct testimony, for consideration during the initial meeting of the Stakeholder Group that will establish basic principles of operation.

- **Technical Assistance:** NRDC supports ELPC's recommendation that the Stakeholder group facilitator should provide technical expertise, and that the Stakeholder Group process should include a technical working group to address technical issues, as needed. (ELPC Ex. 1.0, p. 4.) Examples of technical issues that might be delegated to a technical working group might include developing specifications for a public cost-effectiveness calculator that stakeholders could use to develop program ideas.

**D. The Commission Should Adopt A Policy of Statewide Consistency Where Such Consistency Reduces Costs, Reduces Administrative Burdens or Improves Program Performance**

Several intervenors commented on the need for and value of statewide consistency and coordination for various elements of the Energy Efficiency and Demand Response Plans. For example, NRDC recommends development of a statewide, public cost-effectiveness Total Resource Cost (TRC) calculator and inputs and statewide program data tracking and reporting (NRDC Ex. 1.0, pp. 7-8.) ELPC witness Mr. **Crandall** recommends consideration of a unified brand and marketing campaign supported by Ameren, Ameren and DCEO similar to California's Flex Your Power campaign and Wisconsin's Focus on Energy. (ELPC Ex. 1.0, p. 7.) AG witness Mr. **Mosenthal's** testimony underscores the need for "effective coordination between three program administrators and multiple implementation contractors" (AG Ex. 1.0, p. 4.) In addition, AG witness Mr. **Mosenthal** recommends that the utilities and DCEO "work to resolve any program differences and offer consistent statewide programs." (AG Ex. 1.0, p. 14.) AG witness Mr. **Mosenthal** clearly and succinctly articulates why program consistency is important:

Markets do not neatly separate by utility territory. As a result, offering different incentive levels for the same products, having different incentive levels for the same products, having different rules about minimum qualifying efficiency or installation practices, etc. will create confusion in the market for trade allies, vendors, design professionals and customers with facilities in more than one utility territory. (*Id.*)

Statewide consistency does not conflict with Section 12-103(f) which merely states that the utility's plans shall "tak[e] into account the unique circumstances of the utility's service territory." The plain reading of the statute does not bar either voluntary coordination or a state policy on statewide consistency where such consistency makes sense. It only

requires that the Plans should take into account unique circumstances of each utility's service territory. In fact, the utilities have already demonstrated the value of and some level of commitment to statewide consistency in the Plan development process as they used the same contractor and process to evaluate measure cost-effectiveness and assemble a portfolio of programs. If the utilities had not coordinated on the portfolio development process, evaluating the Plans would have involved significantly more time and resources. Coordination and consistency between Ameren, Ameren and DCEO should continue through finalizing Program plan details, program implementation and evaluation, development of common tools, and the Stakeholder Group process.

The Commission should adopt a policy of statewide consistency in Energy Efficiency and Demand-Response Plan design, administration and implementation and evaluation where such consistency reduces costs, reduces administrative burden or improves program performance, while permitting utility-specific Plan elements when needed to take into account the unique circumstances of each utility's service territory. Furthermore, the Commission should rule that when utilities present final program designs to the Stakeholder Group for review and comment before the June 1, 2008 Plan start date, they shall identify all programs and program features that are statewide consistent. For programs and program features that are not consistent, utilities shall identify how the differences result from unique circumstances of the utility's service territory.

**E. The Commission Should Require Ameren to Identify Pre-Existing Programs, Then Assess Whether Coordinating Or Leveraging Those Programs Can Improve Portfolio Cost-Effectiveness Or Otherwise Improve the Portfolio**

NRDC recommends that the Commission require Ameren to identify pre-existing programs and work with the implementers, such as municipalities within Ameren's service territory, to assess whether coordinating with the programs could improve portfolio cost-effectiveness, or extend the reach of the measures Ameren is proposing, or otherwise improve Ameren's portfolio performance, consistent with Ameren's goals.

**F. The Commission Should Order Staff-Led Workshops to Identify and Develop a Robust Regulatory Framework to Foster Demand-Side Program Success**

For the demand-side portfolio to become a reliable resource and replace conventional supply, effective government oversight of the portfolio is necessary to ensure that the reporting savings are real, costs are minimized, and that the Plan achieves other state policy objectives as set forth in the enabling statute. A robust regulatory framework also

promotes accountability, transparency and consistency, will help maximize available cost-effective savings.

Intervenors identified some elements of effective government oversight that should be further developed, with more time for Staff and intervenor review and input, including:

- **Appropriate Measure Savings Values** (ICC Staff Ex. 1.0, pp.29, 38.)
- **Appropriate Net-to-Gross Ratios for IL** (ICC Staff Ex. 1.0, pp. 28, 29, 38.)
- **Financial and Accounting Rules for EE Funds:** Proper financial tracking of ratepayer funded activities, including financial controls and an accounting system (ELPC Ex. 1.0, p. 5)
- **Financial Compliance Audit:** Commission end-of-year compliance audit (by staff or independent auditor under ICC direction) (*Id.* at p. 6.)
- **Statewide Program Data Tracking and Reporting** – a common data set and reporting format will ease the burden on ICC staff and other interested parties and lower data tracking and reporting. (NRDC Ex. 1.0, p. 8.)
- **Statewide, Public Cost-Effectiveness Calculator and Inputs** – a public tool is important to allow ICC staff, program implementers and interested stakeholders to evaluate prospective programs for cost-effectiveness, monitor cost-effectiveness as the programs and portfolios are implemented. (NRDC, Ex. 1.0, p. 7.)

NRDC requests that the Commission direct Staff to convene a workshop that solicits comments from interested stakeholders on what elements of effective government oversight need to be further developed and the appropriate procedural vehicle for developing an effective regulatory framework for the demand-side portfolio, such as a rulemaking. The workshop content and agenda should also reflect recommendations from the recent Midwestern Governor's Association 2007 Energy Summit on the demand-side portfolio.

#### **IV. CONCLUSION AND REQUESTS**

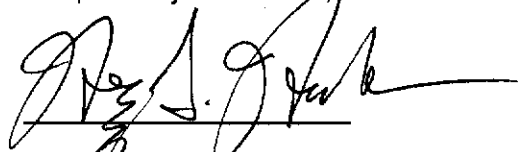
NRDC acknowledges and appreciates the Ameren's tremendous effort, over a very short period of time, to develop a detailed and thorough Energy Efficiency and Demand-Response Plan designed to achieve the aggressive energy efficiency and demand-response goals. NRDC looks forward to working with Ameren and other intervenors to achieve Ameren's goal of maximizing benefits to ratepayers of these programs.

Ameren requests that the Commission approve Ameren's Plan, with the following additions and modifications:

1. The Commission should not adopt Ameren's proposed measure savings values or net-to-gross ratios for post-program performance evaluation at this time, as such values may be outdated and Staff and parties have not had an adequate time to review them.
2. The Commission should not modify the definition of net-to-gross ratios to include spillover effects at this time. The Commission instead should defer consideration of how to define NTG ratios and whether the evaluation budget is sufficient to measure spillover effects to a future proceeding or Staff-led workshop.
3. The Commission should not grant Ameren or DCEO unlimited flexibility to modify programs and the portfolio because Commission approval of the Plans is meaningless if utilities have unlimited flexibility to modify the Plans after Commission approval. The Commission ruling should address the process for review and approval of proposed budget shifts between programs and proposals to add or delete programs, providing necessary public oversight and discipline to the development and implementation of the Plans.
4. The Commission should adopt a statewide Stakeholder Group as an important and integral part of the Plan. The purpose of the Stakeholder Group shall include, but is not limited to:
  - a. Providing advice on program design and implementation, and
  - b. Providing oversight to the independent EM&V process.
5. In addition, the Commission should adopt the following process elements to promote purposeful, effective and thoughtful Stakeholder Group input to help maximize the value of the energy efficiency and demand-side portfolio:
  - a. Statewide Combined Stakeholder Group: the Stakeholder Group should include all three portfolio administrators, Ameren, Ameren and DCEO. A separate process for each administrator creates needless administrative expense. Utility-specific issues can be addressed through utility-specific subgroups;
  - b. Meeting Format: A meeting agenda and all meeting materials shall be circulated to Stakeholders at least five (5) business days before the meeting to allow meaningful review and comment by stakeholders, and assure that the meetings allow for meaningful input and thoughtful response by Ameren. Facilitators shall offer a polycam and web-based broadcast system to allow remote Stakeholder Group member participation to reduce costs of participating;
  - c. Comment Tracking and Response System: After each meeting, the meeting facilitator shall summarize issues raised, proposed action items and stakeholder questions. The meeting facilitator should work with the utilities and DCEO to respond to all items and identify which items caused the administrators to modify its portfolio or programs. The purpose of the Comment Tracking and Response System is to demonstrate whether and how Stakeholder Group input resulted in meaningful discussion, change and improved portfolio and program performance; and

- d. Stakeholder Group Technical Subcommittee: The Stakeholder Group should include a technical subcommittee that can evaluate and make recommendations on technical issues that may improve portfolio and program performance, as needed.
6. The Commission should rule that Commission policy is for statewide consistency in Energy Efficiency and Demand Response Plan design, administration and implementation where such consistency reduces costs, reduces administrative burden or improve program performance, while permitting utility-specific Plan elements when needed to take into account the unique circumstances of each utility's service territory.
7. When utilities present final program designs to the Stakeholder Group for review and comment before the June 1, 2008 Plan start date, they shall identify all programs and program features that are statewide consistent. For programs and program features that are not consistent, utilities shall identify how the differences result from unique circumstances of the utility's service territory.
8. The Commission should order Ameren to identify pre-existing programs, such as those operated by the City of Chicago, and work with the entities implementing pre-existing programs to determine whether coordinating with pre-existing programs can increase the cost-effectiveness of the portfolio.
9. The Commission shall order staff to hold one or more workshops to solicit input on the appropriate regulatory framework for energy efficiency and demand response programs. The workshops should solicit comment on the following issues, plus others that staff and parties raise: appropriate updated measures savings values for key measures, Illinois definition of net-to-gross ratios and appropriate values for Illinois; whether and what values should be "deemed" for evaluation purposes, financial and accounting rules for EE funds, statewide program data tracking and reporting, statewide public cost-effectiveness calculator and inputs, common cost definitions and accounting.

Respectfully Submitted,



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